

PROPOSED CHANGES TO NAC 116 & 116A

NAC 116.445 Annual fee required from certain associations for deposit in Account for Common-Interest Communities and Condominium Hotels. ([NRS 116.31155](#)) The amount of the fee that an association is required to pay pursuant to [NRS 116.31155](#) is \$ ~~13~~ for each unit in the association.

Assembly Bill 474 from the 2015 Legislative Session amended NRS 116.3115(3)(c) changing the amount of the unit fee from not to exceed \$3 to not to exceed \$5. This change is not effective until July 1, 2016.

NAC 116A.515 Fees of Division. ([NRS 116.615](#), [116.665](#), [116A.200](#), [116A.410](#)) The Division shall charge and collect the following fees:

For application for, and issuance of, a certificate	\$ 200 300
For application for, and issuance of, a temporary certificate	100 200
For examination of an applicant for a certificate	\$100
For biennial renewal of a certificate	200
For late renewal of a certificate	50
For reinstatement of an inactive certificate	20
For issuance of a duplicate certificate or temporary certificate	20
For change of name or address on a certificate or temporary certificate	20
For change of status as a community manager, provisional community manager or supervising community manager on a certificate.....	20
For change of association with a supervising community manager.....	20
For approval of courses to meet the requirements for original certification	100
For approval of a course for continuing education	100
For renewal of an approval of a course for continuing education	50

Requested by the Division

NAC 116A.325 Management agreement; evidence of insurance. ([NRS 116A.200](#), [116A.400](#))

1. A management agreement must:
 - (a) Be in writing and signed by all parties;
 - (b) Be entered into between the client and the community manager or the employer of the community manager if the community manager is acting on behalf of a corporation, partnership, limited partnership, limited-liability company or other entity;
 - (c) State the term of the management agreement;
 - (d) State the basic consideration for the services to be provided and the payment schedule;
 - (e) Include a complete schedule of all fees, costs, expenses and charges to be imposed by the community manager, whether direct or indirect, including, without limitation:
 - (1) The costs for any new association or start-up costs;
 - (2) The fees for special or nonroutine services such as the mailing of collection letters, the recording of liens and foreclosing of property;
 - (3) Reimbursable expenses;
 - (4) The fees for the sale or resale of a unit or for setting up the account of a new member; and

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(5) The portion of fees that are to be retained by the client and the portion to be retained by the community manager;

(f) Not provide for the payment of any form of compensation, fee or other remuneration to the community manager or the employer of the community manager that is based, in whole or in part, on:

(1) The number or amount of fines imposed against or collected from units' owners or tenants or guest of units' owners pursuant to NRS 116.31031 for violations of the governing documents of the association;

(2) Any percentage or proportion of those fines; or

(3) Any percentage or proportion of the late charges which have been imposed for the late payment of those fines but which have not been collected;

(g) State the identity and the legal status of the contracting parties;

(h) State any limitations on the liability of each contracting party, including any provisions for indemnification of the community manager;

(i) Include a statement of the scope of work of the community manager;

(j) State the spending limits of the community manager;

(k) Include provisions relating to the grounds and procedure for termination of the community manager;

(l) Identify the types and amounts of insurance coverage to be carried by each contracting party, including:

(1) A requirement that the community manager or his or her employer maintain insurance covering liability for errors or omissions, professional liability or a surety bond to compensate for losses actionable pursuant to this chapter and chapter 116A of NRS in an amount of \$1,000,000 or more;

(2) Which contracting party will maintain fidelity bond coverage;

(3) A requirement that the client maintain crime insurance in accordance with NRS 116.3113;

(4) Whether the association will maintain directors and officers liability coverage for the executive board; and

(5) Whether either contracting party must be named as an additional insured under any required insurance;

(m) Include provisions for dispute resolution;

(n) Acknowledge that all records and books of the client are the property of the client, with the exception of any proprietary information and software belonging to the community manager;

(o) State the physical location, including the street address, of the records of the client, which must be within 60 miles from the physical location of the common-interest community;

(p) State the frequency and extent of regular inspections of the common-interest community; and

(q) State the extent, if any, of the authority of the community manager to sign checks on behalf of the client in an operating account.

2. A management agreement may:

(a) Provide for mandatory binding arbitration;

(b) Provide for indemnification of the community manager or his or her employer in accordance with and subject to the governing documents and the appropriate provisions of title 7 of NRS, except that indemnification may not be provided for intentional misconduct, gross negligence or criminal misconduct; and

(c) Allow the provisions of the management agreement to apply month to month, **not to exceed three (3) months**, following the end of the term of the management agreement but the management agreement may not contain an automatic renewal of the management agreement.

3. Not later than 10 days after the effective date of a management agreement, the community manager shall provide each member of the executive board evidence of the existence of the required insurance which must include:

(a) The names and addresses of all insurance companies;

(b) The total amount of coverage; and

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(c) The amount of any deductible.

4. After signing a management agreement, the community manager shall provide a copy of the management agreement to each member of the executive board. Within 30 days after an election or appointment of a new member to the executive board, the community manager shall provide the new member with a copy of the management agreement.

5. Any changes to a management agreement must be initialed by the contracting parties. If there are any changes after the execution of a management agreement, those changes must be in writing and signed by the contracting parties.

6. Except as otherwise provided in a management agreement, upon the termination or assignment of a management agreement, the community manager shall, within 30 days after such termination or assignment, transfer possession of all books, records and other papers of the client to the succeeding community manager, or to the client if there is no succeeding community manager, regardless of any unpaid fees or charges to the community manager or management company.

7. Notwithstanding any provision in a management agreement to the contrary, a management agreement may be terminated by the client without penalty upon 30 days' notice following a violation by the community manager of any provision of this chapter or [chapter 116](#) of NRS.

(Added to NAC by Comm'n for Common-Interest Communities by R129-04, eff. 4-14-2005)—
(Substituted in revision for NAC 116.305)

This language was supposed to be added into LCB File No. R049-13 which was adopted by the Commission March 3, 2015 and approved by the Legislative Commission on June 25, 2015.